

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 12/20/2007

To: Los Angeles

From: Los Angeles

Squad #2, SAPA

Contact: SA [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 318E-LA-249576 - 1

Title: [REDACTED]

ARA CAPITAL;
AMERIVEST TRUST GROUP;
REED DIEHL & ASSOCIATES;
MWF

Synopsis: Request to open new case and assign it to writer.

Details: The instant matter involves a possible fraudulent investment deal where victim, [REDACTED] deposited \$2.5 with [REDACTED] of ARA Capital (ARA) and related companies in order to obtain a \$25 million line of credit to purchase land and develop condominiums in Cabo San Lucas, Mexico.

[REDACTED] who owns an architectural firm in Chicago, Illinois, wired a total of \$2.5 million to [REDACTED] HSBC bank account in Irvine, California. The wires took place during the period of approximately May 2007 to July 2007. The money was not supposed to be withdrawn from the account until the credit line was activated, and then the money could be withdrawn from the account to pay monthly interest expenses on the line of credit.

The deal for the credit line did not materialize and [REDACTED] has failed to return the \$2.5 million to [REDACTED] despite repeated requests. [REDACTED] has given excuse after excuse to [REDACTED] for the delay in returning the funds. In addition, in November 2007 [REDACTED] mailed [REDACTED] a check for \$920,000 as partial repayment, but then stopped payment on the check.

The office for ARA, which is [REDACTED] is located at 8001 Irvine Center Drive, #100, Irvine, California 92618, telephone number 949-679-9800, [REDACTED] direct line [REDACTED] and fax number [REDACTED]

SOURCE - VICTIM

O + A to
SA [REDACTED]

12/26/2007

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To: Los Angeles From: Los Angeles
Re: 318E-LA-249576, 12/20/2007

[redacted] owns [redacted]

[redacted] telephone number [redacted]

and cell phone [redacted]

number [redacted]

It is requested that this case be opened and assigned to this writer for investigation.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 12/20/2007

[redacted] date of birth [redacted]
residence address [redacted] cell phone
number [redacted] was advised of the identity of the
interviewing agent and the purpose of the interview. [redacted] then
voluntarily provided the following information:

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[redacted]
[redacted] He has been in
business for about thirty years.

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[redacted] was interested in purchasing and developing some
lots in Cabo San Lucas, Mexico. He originally was going to buy one
lot and then build fifteen (15) condominiums on the lot. With only
one lot, the condominiums would be pre-sold and this money would be
used to finance the building of the units.

[redacted] and [redacted] learned through their
realtor, [redacted], about [redacted]
[redacted] ARA Capital (ARA), an investment banking firm. ARA's
office is located in Irvine, California. [redacted] indicated that
he had previously done a successful deal with [redacted] for \$2 million
in financing.

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In approximately March 2007 [redacted] and [redacted] started
speaking with [redacted] told them that he provides financing to
his clients by allowing them to "piggyback" on his company's line
of credit. [redacted] and [redacted] explained to [redacted] the specifics on
their project in Cabo San Lucas. [redacted] told them that he could
secure a line of credit for them in the amount of \$24 million. The
amount was later increased to \$25 million.

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[redacted] has never mentioned what institution his company
has a line of credit with.

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[redacted] was considering buying additional lots to build
condominiums. These additional lots would require the type of
outside financing that [redacted] could provide. With this new
financing opportunity, [redacted] decided to buy the additional lots and
build a total of seventy two (72) condominiums.

Investigation on 12/20/2007 at Santa Ana, CA (telephonically)

File # 318E-LA-249576 -2 [redacted] Date dictated _____

by SA [redacted]

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318E-LA-249576

Continuation of FD-302 of [REDACTED]

, On 12/20/2007, Page 2b6
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[REDACTED] explained that the line of credit would be collateralized through a deposit by [REDACTED] into an account at HSBC. In the beginning, [REDACTED] said the amount required to be on deposit in the account would be \$1.175 million. In about June 2007, [REDACTED] increased the amount to \$1.7 million. Later, in about July 2007, [REDACTED] increased the amount to \$2.5 million.

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With regard to the final increase of \$800,000 in July 2007, [REDACTED] explained that because of the credit crunch in the United States, the ratio for the amount on deposit and the amount of the line of credit had to be at least 10%.

[REDACTED] agreed to the financing arrangement with [REDACTED] and wired various amounts of money totaling \$2.5 million from his bank account at Park National Bank in Chicago, Illinois to [REDACTED] account at HSBC, as per [REDACTED] request. It was [REDACTED] understanding that [REDACTED] account at HSBC in Irvine, California was an existing account and was not set up solely for [REDACTED] deposits.

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The money in the HSBC account was not supposed to be used for anything other than making the monthly interest payments to the institution that was extending the line of credit, once it was drawn upon. The interest rate was 8.25% per year.

[REDACTED] told [REDACTED] that he had successfully completed deals of this nature in the past and this is what his company does. [REDACTED] told [REDACTED] that his father started the business in 1978 and had been very successful. [REDACTED] said he was grateful that [REDACTED] was using his company for the financing on the Mexico project since the market in the United States was soft. [REDACTED] also explained that ARA Capital was either the first or the second bank recognized in Mexico for these types of programs. He added that [REDACTED] had been doing business in Mexico since the 1970s. [REDACTED] also said he [REDACTED] he was married with three children, and he coached high school football at Mater Dei High School.

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[REDACTED] met [REDACTED] in person in May 2007, August 2007, and then again in November 2007. [REDACTED] and [REDACTED] invited [REDACTED] over for dinner to their home in Cabo San Lucas on a couple occasions, but each time [REDACTED] backed out at the last minute.

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[REDACTED] and [REDACTED] were generally pleased overall with [REDACTED] and his representations until he made the requests to [REDACTED]

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Continuation of FD-302 of [REDACTED], On 12/20/2007, Page 3

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increase the amount of the deposits at HSBC. He told them he needed the additional money deposited because he wanted to be ahead of everything and he did not want to be the one who caused any delays in the financing.

Then, by September of 2007, it seemed clear to [REDACTED] that [REDACTED] had not been telling the truth about what was happening with the deal. For instance, [REDACTED] claimed that documents to register the loan against the property were with his attorney in Mexico. [REDACTED] had his attorney, [REDACTED] call [REDACTED] attorney to determine the status of the deal, and [REDACTED] attorney did not know anything about any such deal or documents. [REDACTED] attorney indicated that he had some preliminary discussions with [REDACTED] earlier in the year about some financing agreement, but nothing since.

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Because of [REDACTED] failure to perform, [REDACTED] missed three closings on the properties. [REDACTED] began demanding a return of his \$2.5 million. Whenever [REDACTED] would ask [REDACTED] if the \$2.5 million was still in the HSBC account as it was supposed to be, [REDACTED] would never answer the question. [REDACTED] would tell [REDACTED] that the money was "tied up" because of the pledge for the line of credit. [REDACTED] then suggested to [REDACTED] that he draw \$2.5 million from the line of credit to pay [REDACTED] back. [REDACTED] response was to simply assure [REDACTED] that he was in the process of working things out and he [REDACTED] would get his money back soon.

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From the end of September 2007 until some time in November 2007, [REDACTED] told [REDACTED] three or four times that he [REDACTED] had another person who would step into [REDACTED] position on the line of credit, and then [REDACTED] would pay back [REDACTED] from this person's money. It never happened. When [REDACTED] would ask [REDACTED] for the names of these people, [REDACTED] would claim that there were confidentiality agreements and he could not disclose their names.

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[REDACTED] also promised to sell about \$1.1 million of his municipal bonds, that he owned personally, to repay [REDACTED] a portion of the \$2.5 million.

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On or about September 14, 2007, [REDACTED] sent an email to [REDACTED] purporting to show that he had wired money to Stewart Title, the company that was handling the escrow for [REDACTED] purchase of the additional lots in Cabo San Lucas. This transfer never actually occurred.

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Continuation of FD-302 of [REDACTED]

, On 12/20/2007, Page 4

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In November 2007, [REDACTED] visited [REDACTED] at [REDACTED] office in Irvine, California. The sign outside the office door indicated AMLEND. [REDACTED] demanded a full return of his \$2.5 million. [REDACTED] showed [REDACTED] a Wachovia Bank account statement suggesting he had municipal bonds in the account. [REDACTED] sort of just flashed the statement by [REDACTED] did not see it closely and was not provided a copy. [REDACTED] offered to pay [REDACTED] \$920,000 from the sale of bonds and Vari told him no, the check would probably just bounce.

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After returning to Chicago, [REDACTED] decided that he would see if [REDACTED] could actually pay back a portion of the \$2.5 million. He spoke with [REDACTED] who said he would mail [REDACTED] a check for \$920,000. Vari received the check around Thanksgiving weekend. Vari tried to deposit the check in to his bank account but [REDACTED] had placed a "Stop Payment" order on the check.

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[REDACTED] never met [REDACTED] did meet [REDACTED] while they were in Mexico. [REDACTED] told [REDACTED] that [REDACTED] was working for the company but was getting treatment for testicular cancer.

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[REDACTED] spoke with [REDACTED] in September 2007. [REDACTED] knew nothing about [REDACTED] Cabo San Lucas project. Sometime later, he spoke with [REDACTED] again and [REDACTED] told him that there was no problem and he would get his money back.

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[REDACTED] indicated that [REDACTED] company name changed a number times. It started as ARA Capital and then went to Amerivest Trust, [REDACTED] Reed Diehl & Company, and finally AMLEMD.

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[REDACTED] has told [REDACTED] that he is going to file a civil lawsuit to recover his money. He has also told [REDACTED] that he has contacted the FBI. [REDACTED] continues to tell [REDACTED] not to worry and that he will pay him back the \$2.5 million.

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[REDACTED] has provided this writer with a number of documents pertaining to his involvement with [REDACTED] and they are attached hereto.

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[REDACTED] STATE BAR NO. [REDACTED]
[REDACTED] STATE BAR NO. [REDACTED]
STRADLING YOCCA CARLSON & RAUTH
A Professional Corporation
660 Newport Center Drive, Suite 1600
Newport Beach, CA 92660-6422
Telephone: (949) 725-4000
Fax: (949) 725-4100

Attorneys for Plaintiffs

[REDACTED] and BLUE LOS CABOS.

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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF ORANGE

CENTRAL JUSTICE CENTER

[REDACTED] an Individual, [REDACTED] an
Individual; and BLUE LOS CABOS, a Mexican Corporation;

CASE NO.

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Plaintiffs,

vs.

[REDACTED] an Individual [REDACTED] an
Individual; ARA CAPITAL, an unknown business entity;
AMERIVEST TRUST GROUP, an unknown business entity;
DIEHL & COMPANY, an unknown entity; and DOES 1
through 25, inclusive,

Defendants.

**PLAINTIFFS'
COMPLAINT FOR:
(1) BREACH OF
CONTRACT;
(2) CONVERSION;
(3) FRAUD
(4) BREACH OF
FIDUCIARY DUTY;
(5) VIOLATIONS OF
THE UNIFORM
FRAUDULENT
TRANSFER ACT; &
(6) MONEY HAD AND
RECEIVED.**

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Plaintiffs [REDACTED] and Blue Los Cabos (collectively,

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“Plaintiffs”) allege as follows:

THE PARTIES

1. [REDACTED] is, and at all times mentioned herein was, an individual residing in the State of Illinois in the County of Cook.

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2. [REDACTED] is, and at all times mentioned herein was, an individual residing in the State of Illinois in the County of Cook.

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3. Blue Los Cabos is, and at all times mentioned herein was, a corporation organized and existing under the laws of Mexico with a principle place of business located at Condominios Miramar, Paseo San Jose s/n San Jose del Cabo, Los Cabos B.C.S., Mexico 23400.

4. Plaintiffs are informed and believe, and on that basis allege, that defendant Amerivest Trust Group (“Amerivest”) is, and at all times mentioned herein was, a business entity operating in California, with its principal place of business located at 8001 Irvine Center Drive, Irvine, California 92618.

5. Plaintiffs are informed and believe, and on that basis allege, that defendant ARA Capital is, and at all times mentioned herein was, a business entity operating in California, with its principal place of business located at 8001 Irvine Center Drive, Irvine, California 92618.

6. Plaintiffs are informed and believe, and on that basis allege, that defendant Diehl & Company is, and at all times mentioned herein was, a business entity operating in California, with its principal place of business located at 8001 Irvine Center Drive, Irvine, California 92618.

7. Plaintiffs are informed and believe, and on that basis allege, that defendant [REDACTED] is,

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and at all times mentioned herein was, an individual residing in the State of California in the County of Orange. Plaintiffs are further informed and believe, and on that basis allege, that [REDACTED] is and, at all times relevant to this Complaint was, a principal/managing agent of ARA Capital, Ameritrust, and Diehl & Company (the "Diehl Entities").

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8. Plaintiffs are informed and believe, and on that basis allege, that defendant [REDACTED] is, and at all times mentioned herein was, an individual residing in the State of California in the County of Orange. Plaintiffs are further informed and believe, and on that basis allege, that [REDACTED] is and, at all times relevant to this Complaint was, a principal/managing agent of the Diehl Entities.

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9. Plaintiffs are unaware of the true names and capacities, whether individual, corporate, associate or otherwise, of the defendants named as Does 1 through 25, inclusive, and have therefore sued those defendants by such fictitious names. Plaintiffs will amend this complaint to show their true names and capacities when they have been ascertained.

10. Plaintiffs are informed and believe, and on that basis allege, that at all relevant times herein mentioned, each of the defendants were the agents, servants or employees of each of the other defendants, and as such were acting within the course and scope of their employment and agency. Plaintiffs further alleges that each of the defendants ratified each and every act, omission and thing done by every other defendant named herein.

11. Plaintiffs are informed and believe, and on that basis allege, that the Diehl Entities, as well as Does 1-25, are alter egos of one another and are used to conduct a single business enterprise. Plaintiffs are further informed and believe, and on that basis allege, that the Diehl Entities are mere shells, instrumentalities, and conduits of one another through which a single business enterprise operates under the direction of [REDACTED] and [REDACTED]

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12. Plaintiffs are informed and believe, and on that basis allege, that there exists such a unity

of interest and ownership between the Diehl Entities that any individuality and separateness between them has ceased. Plaintiffs are further informed and believe, and on that basis allege, that the Diehl Entities share officers and directors, including but not limited to [REDACTED] and [REDACTED]. Plaintiffs are further informed and believe, and on that basis allege, that the Diehl Entities, [REDACTED] and [REDACTED] (collectively, "Defendants") commingle funds and do not abide by corporate formalities when engaging in transactions with one another and third parties.

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13. Plaintiffs are informed and believe, and on that basis allege, that Defendants manipulate their assets and liabilities so that they can shield the true business enterprise from liabilities and defeat the claims of creditors, such as Plaintiffs.

14. Plaintiffs are informed and believe, and on that basis allege, that the Diehl Entities, as well as Does 1-25, are alter egos [REDACTED] and [REDACTED]. Plaintiffs are further informed and believe, and on that basis allege, that [REDACTED] and [REDACTED] exercise complete control over the Diehl Entities through their positions as shareholders, officers, directors, and/or managing agents of the Diehl Entities. Plaintiffs are further informed and believe, and on that basis allege, that [REDACTED] and [REDACTED] have used their positions of control over the Diehl Entities to obtain undue personal gain by, among other things, manipulating the Diehl Entities' assets and liabilities. Plaintiffs are further informed and believe, and on that basis allege, that transactions between [REDACTED] and [REDACTED] on the one hand, and the Diehl Entities, on the other, have been, and are, carried out by [REDACTED] and [REDACTED] without fair consideration or concern for corporate formalities.

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VENUE AND JURISDICTION

15. Venue is proper in this court as [REDACTED] and [REDACTED] reside in the County of Orange and the Diehl Entities principal place of business is located in the County of Orange.

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16. This Court has jurisdiction as the amount in controversy far exceeds the jurisdictional

minimum.

GENERAL ALLEGATIONS

17. In early 2007, [] and [] the principals of Vari Architects Ltd., started a Mexican company called Blue Los Cabos for the purpose of developing condos in the Los Cabos area of Baja California Sur. In furtherance of this purpose, on February 14, 2007, Plaintiffs entered into an agreement to purchase an oceanfront lot ("Lot 5") in the Los Cabos area where they planned to build and sell 15 condos.

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18. On March 13, 2007, [] and her real estate agent met with [] a representative for the Diehl Entities, at the offices of ARA Capital in the Los Cabos area for the purpose of obtaining financing for the planned construction on Lot 5. Soon after this meeting, the contiguous properties ("Lots 3", "4" and "8") became available. In light of the availability of these additional properties, Plaintiffs inquired with [] about possibility of obtaining additional financing from the Diehl Entities so that they could purchase and develop all such lots. Accordingly, Plaintiffs sent information regarding the potential purchase and development of all such lots to ARA Capital and met with [] to discuss this project (the "Los Cabos Project"). On May 19, 2007, [] sent an email to Plaintiffs providing that Defendants would like to act as Plaintiffs' investment banker for the proposed Los Cabos Project and represented that they would provide the necessary funding for the project. In light of this representation, Plaintiffs entered into buy-sell agreements for Lots 3, 4 and 8, and made security deposits on all such properties.

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19. On May 29, 2007, [] explained to Plaintiffs that financing would be secured through a line of credit Defendants would provide once the deposit of a bond had been made. [] then provided Plaintiffs with a term sheet for this transaction along with a promissory note and wiring instructions. The term sheet provided for a \$24,000,000 line of credit following an initial deposit of \$500,000 and a subsequent deposit of \$675,000 once an insurance bond was approved. Immediately

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after receiving such instructions, Plaintiffs began transferring funds to Amerivest pursuant to instructions from [REDACTED]. More specifically, on May 31, 2007, Plaintiffs transferred \$500,000 to Amerivest and, after the insurance bond was approved, a second transfer of \$675,000 was made on June 5, 2007.

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20. While the offer conveyed by Defendants did not require Plaintiffs to deposit any additional funds in order to obtain the \$24,000,000 line of credit, [REDACTED] subsequently indicated that additional funds were needed in order for Plaintiffs to obtain such a line of credit. Accordingly, pursuant to [REDACTED] request, additional transfers of \$50,000 and \$200,000 were made to Amerivest on June 14, followed by transfers of \$150,000 on June 21, and of \$125,000 on June 22, 2007. In total, \$1,700,000 was transferred to Amerivest between May 31 and June 22, 2007.

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21. While Plaintiffs were awaiting scheduled closings on Lots 3, 4 and 8, which had been set for September 2007, [REDACTED] contacted Plaintiffs and requested a further deposit. In particular, he emailed Plaintiffs on July 30, 2007 requesting a further deposit of \$800,000 to Amerivest. In light of the upcoming closings, Plaintiffs transferred an additional \$800,000 to Amerivest on August 7, 2007, making the total transferred \$2,500,000.

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22. In order to close the pending sales, certain documentation was needed from Defendants. While Defendants were supposed to have sent such documentation to [REDACTED] the attorney handling the closing, in mid-August 2007, and [REDACTED] initially claimed to have sent such documents to [REDACTED] never received this documentation. [REDACTED] subsequently blamed his attorney in Mexico for any mix up regarding this documentation and assured Plaintiffs, on August 30, 2007, that Defendants would have everything in order so that the sales on Lots 3, 4 and 8 would close in early September 2007, as scheduled. Despite this assurance, Defendants' failed to prepare the necessary documentation and, more importantly, failed to provide the promised funding. Due to Defendants' failure to perform, Plaintiffs could not close on Lot 3, 4 and 8.

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23. Given that the closing dates had passed and Defendants had completely failed to perform as promised, on September 19, 2007, Plaintiffs demanded the return of all funds that had been placed on deposit for the promised line of credit which never materialized. On September 27, 2007, [REDACTED] emailed Plaintiffs, stating that the funds would be returned on September 28, 2007, however Defendants did not return any funds to Plaintiffs on that date. Then, in early October 2007, Amerivest wrote Plaintiffs a letter claiming that all funds would be returned by October 5, 2007, but again Defendants failed to return any funds. Thereafter, an ARA Capital representative, [REDACTED] represented to Plaintiffs that all funds would be returned by October 23, 2007, and [REDACTED] even contacted Plaintiffs indicating that she was waiting for a federal reference number for the wire transfer of such funds. Despite such representations by Defendants, no funds were transferred by the above-referenced date.

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24. On November 12, 2007, Plaintiffs visited [REDACTED] at his offices in Irvine, California to address the return of their \$2,500,000 deposit. At that meeting, [REDACTED] indicated that he would sell his personal municipal bonds in the amount of \$1,100,000 to assist in paying back Plaintiffs and he further indicated that he would be receiving additional funds in the amount of \$1,500,000 from other investors by November 15, 2007 and would also pledge those funds to paying back Plaintiffs. Despite promising to repay the \$2,500,000 deposit through the above-referenced funds by November 15, 2007, Defendants failed to return any funds by that date.

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25. On November 23, 2007, Plaintiffs received a check from [REDACTED] on Amerivest's account for \$920,000, as repayment in part of Plaintiffs' deposit. However, this check did not clear. Then, on November 27, 2007, [REDACTED] claimed that he wire transferred approximately \$900,000 in funds to Plaintiffs but these funds were never received and, despite requests that he do so, [REDACTED] could not produce a federal reference number for the purported wire transfer.

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FIRST CAUSE OF ACTION
(Breach of Contract Against Defendants)

26. Plaintiffs repeat and re-allege paragraphs 1 through __ above, as though fully set forth herein.

27. Defendants agreed to act of Plaintiffs' investment banker for the Los Cabos Project and agreed to secure a \$24,000,000 line of credit for Plaintiffs so that they would have sufficient funds to purchase Lots 3, 4 and 8 and complete construction on Lots 3, 4, 5 and 8. Defendants promised to obtain such a line of credit for Plaintiffs once a deposit of \$1,175,000 had been placed with Amerivest. Accordingly, Plaintiffs transferred \$500,000 to Amerivest on May 31, 2007 and \$675,000 on June 5, 2007.

28. While Plaintiffs performed their obligations under this agreement by depositing \$1,175,000 with Amerivest (as well as additional \$1,325,000), Defendants did not provide Plaintiffs with the agreed upon \$24,000,000 line of credit needed for the purchase of Lots 3, 4 and 8, and for the construction of the Los Cabos Project.

29. While Plaintiffs have performed all their obligations under the agreement, Defendants have failed to perform any of their obligations. In addition, Defendants have refused to return any portion of the \$2,500,000 Plaintiffs' deposited with them despite repeated requests that they do so.

30. In light o Defendants' failure to procure the agreed upon line of credit, Plaintiffs were unable to close the sale on Lots 3, 4 and 8, and have had to forfeit deposits made on Lots 4 and 8. In addition, because Defendants have retained Plaintiffs \$2,500,000 deposit, reducing the funds available for the Los Cabos Project. Thus, due to Defendants breach of their agreement and refusal to return deposited funds, Plaintiffs have lost valuable business opportunities and have been unable to move the Los Cabos Project forward as planned.

31. As a direct and foreseeable result of Defendants' breach of their aforementioned obligations under the agreement, Plaintiffs have been damaged in an amount ton be proven at trial but

believed to be in excess of \$10,000,000.

SECOND CAUSE OF ACTION
(Conversion Against Defendants)

32. Plaintiffs repeat and re-allege paragraphs 1 through __ above, as though fully set forth herein.

33. Between approximately May 31 and August 7, 2007, Plaintiffs gave \$2,500,000 to Defendants. These funds were provided to Defendants based solely on Defendants express representation that Plaintiffs would received a \$24,000,000 line of credit and with the understanding that such funds would remain on deposit with Defendants. Given that Defendants completely failed to perform their obligations under the agreement, Plaintiffs have repeatedly requested that their funds be returned. While Defendants have claimed that such funds would be returned on multiple occasions, they have yet to return any such funds whatsoever.

34. The \$2,500,000 Plaintiffs gave to Defendants rightfully belongs to Plaintiffs. However, Defendants have taken possession of Plaintiffs' funds and remain in possession of Plaintiffs' funds, despite numerous requests by Plaintiffs' that they return such funds.

35. Defendants are aware that Plaintiffs need such funds for the Los Cabos Project and that they want their funds returned immediately but have knowingly and intentionally refused to return such funds and have prevented Plaintiffs from having access to such funds. Plaintiffs do not consent to Defendants maintaining possession of their funds.

36. As a direct and foreseeable result of Defendants refusal to return Plaintiffs' funds, Plaintiffs have been damaged in an amount to be proven at trial but believed to be in excess of \$10,000,000.

37. Plaintiffs are informed and believe, and on that basis allege, that the above-described acts and conduct of Defendants were willful, malicious and oppressive and were undertaken with the intent to cause injury and damage to Plaintiffs, therefore justifying an award of exemplary and punitive damages.

THIRD CAUSE OF ACTION
(Fraud Against Defendants)

38. Plaintiffs repeat and re-allege paragraphs 1 through __ above, as though fully set forth herein.

39. Plaintiffs deposited the above-referenced funds with Defendants in reliance on Defendants' representations that they would procure a \$24,000,000 line of credit for Plaintiffs so that Plaintiffs could purchase Lots 3, 4 and 8, and develop Lots 3, 4, 5 and 8. When sums in excess of the agreed upon \$1,175,000 was claimed to be needed to secure a \$24,000,000 line of credit, Plaintiffs deposited an additional \$1,325,000 with Defendants based on their further representation that they would procure a \$24,000,000 line of credit. After receiving such funds, Defendants represented that they would be able to close the sales on Lots 3, 4 and 8 as scheduled. However, Defendants never procured the agreed upon line of credit for Plaintiffs and thus Plaintiffs were unable to close on Lots 3, 4 and 8.

40. Plaintiffs are informed and believe, and on that basis allege, that Defendants never intended to satisfy their obligations under the above-referenced agreement to procure a \$24,000,000 line of credit for the Los Cabos Project. Indeed, it appears, based on Defendants' current inability to refund the \$2,500,000 deposited, that Defendants used Plaintiffs' funds for other purposes without making any disclosure of that use to Plaintiffs. Plaintiffs are informed and believe, and on that basis allege, that Defendants falsely represented that they could and would abide by their obligations under the agreement and provide a \$24,000,000 line of credit so that they could obtain access to Plaintiffs funds.

41. The numerous misrepresentations by [REDACTED] pertained to material facts, such as Defendants ability and intention to procure a \$24,000,000 line of credit for the Los Cabos Project and their intention to maintain Plaintiffs' deposited funds. Plaintiffs justifiably relied on [REDACTED] and [REDACTED] numerous misrepresentation when entering into the agreement and depositing \$2,500,000 in funds with Defendants.

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42. As a direct and foreseeable result of Defendants' conduct, Plaintiffs have been damaged in an amount to be proven at trial but believed to be in excess of \$10,000,000.

43. Plaintiffs are informed and believe, and on that basis allege, that the above-described acts and conduct of Defendants were willful, malicious and oppressive and were undertaken with the intent to cause injury and damage to Plaintiffs, therefore justifying an award of exemplary and punitive damages.

FOURTH CAUSE OF ACTION

(Breach of Fiduciary Duty Against Defendants)

44. Plaintiffs repeat and re-allege paragraphs 1 through ___ above, as though fully set forth herein.

45. Defendants expressly represented to Plaintiffs that they wanted to act as Plaintiffs investment banker with respect to the Los Cabos Project and solicited funds from Plaintiffs in the amount of \$2,500,000 for the purposes of establishing a \$24,000,000 line of credit for the purposes of this transaction. Defendants represented that they would obtain the necessary funding to allow the above-referenced transaction to close on time. Defendants' acts and representations created a relationship of confidence and trust between Defendants and Plaintiffs pursuant to which Defendants would act for the benefit of Plaintiffs.

46. Based on Defendants' conduct and assurances, Plaintiffs gave Defendants \$2,500,000 so that Defendants could act on Plaintiffs' behalf to obtain the necessary funding for the Los Cabos Project. Thereafter, Defendants knowingly acted against Plaintiffs interests misrepresented their ability and intention to obtain funding and misappropriated Plaintiffs' \$2,500,000 deposit. Such conduct was adverse to Plaintiffs' interests, and Plaintiffs did not consent to such conduct. As a result of such conduct, Plaintiffs have not been able to get their funds returned, have lost security deposits on Lots 4 and 8, and have been deprived of funds necessary for closing and development of the above-referenced lots.

47. As a direct and foreseeable result of Defendants' wrongful conduct, Plaintiffs have been damaged in an amount to be proven at trial but in excess of \$10,000,000.

48. Plaintiffs are informed and believe, and on that basis allege, that the above-described acts and conduct of Defendants were willful, malicious and oppressive and were undertaken with the intent to cause injury and damage to Plaintiffs, therefore justifying an award of exemplary and punitive damages.

FIFTH CAUSE OF ACTION

(Against Defendants For Violation Of Cal. Civil Code § 3439 *et seq.*)

49. Plaintiffs repeat and re-allege paragraphs 1 through __ above, as though fully set forth herein.

50. Between approximately May 31 and August 7, 2007, Plaintiffs tendered \$2,500,000 to Defendants as a security deposit for the \$24,000,000 line of credit for Defendants agreed to procure for Plaintiffs. However, even though Plaintiffs deposited funds over double the agreed upon amount, Defendants completely failed to perform and did not procure the above-referenced line of credit. Given that no line of credit ever materialized, Plaintiffs have demanded the return of their deposited funds.

However, despite multiple demands, Defendants have failed to return any such funds.

51. Plaintiffs are informed and believe, and on that basis allege, that Defendants transferred a substantial portion, if not all, of the deposited funds as they appear to no longer be on deposit in Defendants' bank account. Plaintiffs are further informed and believe, and on that basis allege, that Defendants transferred Plaintiffs' deposited funds with the intent to hinder, delay, or preclude Plaintiffs from reacquiring such funds. As a result of such conduct, Plaintiffs have been harmed as Plaintiffs have been unable to reacquire such funds and thus have been unable to capitalize on business opportunities, such as the Los Cabos Project.

52. As a direct and foreseeable result of Defendants refusal to return Plaintiffs' funds, Plaintiffs have been damaged in an amount to be proven at trial but in excess of \$2,500,000.

53. Plaintiffs are informed and believe, and on that basis allege, that the above-described acts and conduct of Defendants were willful, malicious and oppressive and were undertaken with the intent to cause injury and damage to Plaintiffs, therefore justifying an award of exemplary and punitive damages.

SIXTH CAUSE OF ACTION

(Money Had And Received Against Defendants)

54. Plaintiffs repeat and re-allege paragraphs 1 through __ above, as though fully set forth herein.

55. Between approximately May 31 and August 7, 2007, Plaintiffs tendered \$2,500,000 to Defendants, so that Defendants could obtain a \$24,000,000 line of credit for Plaintiffs. Defendants were unable to procure the above-referenced line of credit and have refused to return these funds to Plaintiffs despite numerous requests by Plaintiffs that they do so. Accordingly, Plaintiffs are currently entitled to

the return of such funds, plus interest thereon.

WHEREFORE, Plaintiffs pray for judgment against Defendants as follows:

1. For an order requiring Defendants to return the \$2,500,000 Plaintiffs provided to Defendants, plus interest;
2. For an award of compensatory damages resulting from Defendants' conduct;
3. For an award of punitive damages for Defendants' willful, wanton, and malicious conduct;
4. For costs, including reasonable attorney's fees, incurred by Plaintiffs herein; and
5. For such other and further relief as the Court may deem just, equitable or proper.

DATED: December __, 2007

[Redacted Signature]

STRADLING YOCCA CARLSON & RAUTH
A Professional Corporation

b6
b7C

By:

[Redacted Signature]

Attorneys For Plaintiffs

[Redacted Signature]

and BLUE

LOS CABOS.

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MERIVEST TRUST GROUP

40 Westport
Irvine, CA 92618

1018

90-6717/1222
BRANCH 95250

DATE 11/19/07



\$ 920,000

Handwritten: 1000000

DOLLARS



WACHOVIA

Wachovia Bank, N.A.
wachovia.com



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15. Draft

CASE SUMMARY

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[redacted] and [redacted] are both U.S. citizens residing in Chicago, Illinois. [redacted] Blue Los Cabos, for the purpose of developing condos. They entered into a buy sell agreement to purchase Lot 5, a site on the ocean to build and sell 15 condos. At the time of the agreement, February 14, 2007, they had liquid funds available to purchase the land clear and free.

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On March 13, 2007 [redacted] met with [redacted] [redacted] at the offices of ARA Capital in the Los Cabos area, Baja California Sur, Mexico for the purpose of financing the construction on Lot 5.

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After the meeting with ARA Capital, the contiguous property, lots 3,4 and 8, became available. We sent the information about the entire project to ARA Capital. On May 19, [redacted] met with [redacted] regarding the entire project.

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May 19, 2007, we received an e mail from ARA Capital [redacted] "yes, we reviewed and would like to be you investment banker in this deal". Because of this commitment, [redacted] enter into buy sell agreements on Lots 3,4, and 8.

On May 29, 2007 [redacted] explains the way the financing will work for this project. [redacted] would deposit a "bond" that would secure the line of credit to fund the project. We received a term sheet and Promissory Note with wiring instructions from [redacted] under the Amerivest Trust Group with the same address as ARA Capital.

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On May 31, 2007, a wire was sent to HSBC account [redacted] beneficiary Amerivest Trust Group, reference [redacted] and Blue Los Cabos for \$500,000.00

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On June 1, 2007 [redacted] in an ARA Capital e mail said "insurance bond was approved".

On June 4, 2007 [redacted] in an ARA Capital e mail requested a second wire deposit and on 6/5/07, deposit was made.

On June 7,8 and 9, [redacted] were in Los Cabos to meet with [redacted] who wanted to meet the development team. They picked up [redacted] at ARA Capital offices each time and met with [redacted] the real estate brokers, and [redacted]

b6
b7C

On June 12, [redacted] in an Amerivest Trust Group e mail notify [redacted] of further deposit required for the line of credit, over and above the original terms. June 14, third deposit of \$50,000.00, June 14, fourth deposit of \$200,000.00, June 21 fifth deposit of \$150,000.00 and sixth deposit of \$125,000.00.

b6
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Rad
12-11-2007
BHH

For the next six weeks we waited for design approval from government for lot 5 and scheduled closings on the other three lots for September 5th and 13th.

On July 30, 2007 e mail from [redacted] ARA Capital requesting more deposit because of the credit crunch in the US of \$800,000.00.

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We made arrangements with the seller of Lot 5 who had a joint escrow of \$1 mil. to return \$800,000.00 to the Amerivest account based on proof of funds letter from Amerivest. Seller of lot 5 receives \$200,000.00 from escrow to keep.

On July 31, 2007, received statement of account from Diehl and Company on monies deposited to date, with interest in excess of \$1.7 mil.

On August 2, 2007 receive e mail from [redacted] of ARA Capital outlining timetable of process.

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b7C

On August 7, 2007 \$800,000.00 is added to the HSBC account bringing it to \$2.5 mil.

On August 10, 2007 receive e mail from Reed of ARA Capital with list of items needed to close and a sample of how to request funds from Diehl and Company. Meanwhile, [redacted] claims to have sent loan documents to attorney for closing of lot 4. On August 24, 2007 [redacted] e mails saying never got documents. What follows are many stories and excuses, but no documents or funding and the fist closing date passes.

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On September 11, 2007 [redacted] of Amerivest e mails "documents for closing" that do not amount to much.

On September 12, 2007 [redacted] says loan documents have to come out of Mexico City and were not ready. Mexico City attorney speaks with [redacted] and says [redacted] is not performing. Because loan documents are not ready, [redacted] suggests that [redacted] take title to the property until loan documents are ready. [redacted] proceeds to prepare documents to this plan per [redacted] agreement, but Reed fails to perform.

b6
b7C

On September 14, 2007 [redacted] faxes a "questionable" wire transfer that of course never happened.

b6
b7C

On September 19, 2007, [redacted] e mails [redacted] demanding return of our personal funds that were supposedly used for the line of credit that never materialized.

On September 27, [redacted] in an Amerivest e mail letter stating that funds will be returned on September 28, 2007, of course, never happened.

On October 1, 2007 received another "funds transfer payment order" that was questionable, and of course never materialized.

In October of 2007 [] spoke to [] of ARA Capital who said everthing would be worked out by October 23, 2007. Attorney friend of [] told members of the development team that funds would be returned by October 23, 2007. [] send a mail saying she is waiting for Federal Reference number of a wire transfer that supposedly was sent. Nothing ever happened.

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November 12, 2007, [] visit [] in his offices on Irvine Circle, in Irvine California [] says he will cash in \$1.1 mil. of his personal municipal bonds and wire money into our account [] also says another investor from LA is depositing \$1.5 mil into Amerivest to take over our line of credit position and that money, along with the \$1.1 mil would be in our account on Thursday, November 15, 2007. Nothing happened.

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2nd Draft

b6
b7C

MORE SPECIFIC ON PERFORMANCE

On March 31, 2007 [] applied for a construction loan for Blue Los Cabos, Lot 5 with ARA Capital.

We expanded the project to include Lots 3, 4 and 8. There was \$15,000.00 deposited in earnest money while we investigated financing possibilities. On May 18, 2007 [] emailed a description of the entire project to []@ ARA Capital. On May 22, [] from ARA Capital agreed to finance the project. On May 29 [] describes the LOC and sends Promissory Note, Term Sheet and Wiring instructions. Base on this action, we deposited \$200,000.00 in escrow accounts to purchase Lots 3, 4 and 8.

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Between May 31, and June 21, we wired \$1.7 mil to HSBC in an account whose beneficiary was AmerivestTrust referencing [] and Blue Los Cabos. Between these wires, the original request of \$1.175 mil was increased to \$1.7 mil.

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On July 30 [] requested another \$800,000.00 for the LOC. There was a \$1.0 mil escrow on Lot 5. The only way of getting the additional \$800,000.00 was through that escrow. Amerivest trust produced a proof of funds statement to the seller of Lot 5 to satisfy him enough to release the \$800,000.00, but he kept \$200,000.00. Simultaneously to the proof of funds letter from Amerivest, Diehl and Company issued an account statement of funds we already wired (the first 1.7 mil).

During August, [] in Mexico, communicates with [] to prepare documents for closings. A few emails indicated that [] e mails documents that [] denies getting, but after a couple of weeks, finally admits to receiving the documents. On August 29 [] says his attorney in Mexico is finishing up their paperwork. On August 30, [] asks [] if he will be ready to close Lot 4 [] response was "yes".

b6
b7C

From this point on, there has been no "truthful" statements by [] as to his actions or results that we were to expect. We received documents from Reed that we executed and returned the same day. From September 8 through September 13, there were a number of e mails between [] and [] with [] asking for letters and verifications of funds and verifications of wires, all answered with untruths from [] September 11 email from [] conversation with [] with no result.

b6
b7C

On September 11 [] adjusts the Promissory Note to reflect that the note is for principle expended with a maximum of \$25,000,000.00.

b6
b7C

On September 12, [] requests wire confirmation for closing on the 13th, never happens.

b6
b7C

There are many excuses presented by [] as to not close. He insists that the funds are there, but documents are not ready, and [] and [] attorney surmise that the documentation will take time, but the sellers do not want to wait [] comes with a solution to have [] take title to the properties until the documents are ready. [] agrees and [] drafts documents and instructions for [] to wire. On September 14, [] produces a document of a wire that proves to be bogus.

b6
b7C

On September 19, a conference call is scheduled between [] and [] attorney in Mexico. On September 20 [] writes a letter recapping the conference call. On September 21, Stewart Title rejects [] escrow account.

b6
b7C

On September 27 [] issues letter stating that all of [] and [] funds will be returned on September 28, never happened. On October 4, letter from Amerivest saying funds would be returned on October 5, never happened.

b6
b7C

[] and [] inform [] and other people working on Blue Los Cabos that the funds would be ready on October 23, never happened. Again there was a promise that on November 1, 2007, funds would be returned, never happened.

On November 12, 2007, [] and [] go to [] office on Irvine Center Drive in Irvine, Ca., seeking money. [] says he will cash in his personal Municipal bonds in the amount of 1.1 mil. to pay us back. [] also says that there are two other investors depositing funds into Amerivest to release our money on Thursday November 15, 2007. Nothing happened.

b6
b7C

On November 23, 2007 [] received a check for \$920,000.00 from Amerivest, signed by [] which is supposedly a result of Reeds Municipal bond liquidation. [] says that day that the other funds were wired into our account, never happened. On November 24, we deposited the check into our account that will enable us to salvage the purchase of Lot 5, with the cooperation of some other investors (something we did not look to do, but had no choice at this time)

b6
b7C

A financial re cap of the project:

Lot 5 purchase price \$2.5 for land, \$7 mil for construction. \$21 mil in sales, leaving a gross profit of about \$10 mil. The \$2.5 for the land were liquid funds [] and [] had to close the deal, but with [] commitment, used those funds to expand the project. Now, in order to salvage the deal, we have to get participation from other participants that will water down our potential.

b6
b7C

Lot 3 purchase of \$4.5, \$7 mil in construction with sales of \$23 mil, leaving a gross profit of about \$10 mil.

Lot 4 purchase of \$5.0, \$7 mil in construction with sales of \$24 mil, leaving a gross profit of about \$10 mil.

Lot 8 purchase of \$3.4 mil construction of \$12 mil with sales of \$26 mil, leaving a gross profit of about \$10 mil. plus clear and free ownership of about 15,000 square feet of commercial space that is leasable for triple net \$30 per square foot.

Currently, \$100,000.00 of escrow monies has been forfeited to seller of lot 8, \$50,000.00 of escrow monies has been forfeited to seller of lot 4, the seller of lot 3 is still hanging around with an escrow of \$50,000.00, and we had to take in partners to try and salvage lot 5, which is trying to close this week. If returns all of our money, we will not need the partners, so if that can be accomplished this week that would be great.

b6
b7c

2d Pacheco

[Redacted]

b6
b7C
b7E

From:

[Redacted]

Sent:

Tuesday, November 27, 2007 1:57 PM

To:

[Redacted]

Attachments: RE: it is already 10 AM; Re: good morning; Re: reminder; Re: reminder; Re: reminder; Re: reminder; Re: reminder; RE: reminder; wire; ?; is it Fed yet?; RE: reminder; reminder; Re: reminder; reminder; RE: update; Re: update; update

Good afternoon

[Redacted]

b6
b7C

These are the past day and a half of e mails with [Redacted] I don't know at what point you get involved.

Thanks,

[Redacted]

My cell at any time is

[Redacted]

b6
b7C

vari architects, ltd

[Redacted]

p [Redacted] t [Redacted]

[redacted]

b6
b7C

From: [redacted]
Sent: Monday, November 26, 2007 8:55 AM
To: [redacted]
Subject: update

b6
b7C

Good morning,

What happened Friday?

[redacted]

b6
b7C

vari architects, ltd

[redacted]
[redacted] [redacted]

b6
b7C

[REDACTED]

From: [REDACTED]
Sent: Monday, November 26, 2007 9:47 AM
To: [REDACTED]
Subject: Re: update

b6
b7C

[REDACTED]

Good Morning...yes the paperwork was completed and we were done.

I will follow up in 1 hour and get back to you.

[REDACTED]

Direct Line: [REDACTED]
Fax: [REDACTED]

b6
b7C

-----Original Message-----
From: [REDACTED]
To: [REDACTED]
Sent: Mon Nov 26 06:55:13 2007
Subject: update

b6
b7C

Good morning,

What happened Friday?

[REDACTED]

b6
b7C

b6
b7C

[redacted]

From: [redacted]
Sent: Monday, November 26, 2007 10:50 AM
To: [redacted]
Subject: RE: update

I will call you at 9:30am, I am finishing a meeting.

Thanks

b6
b7C

[redacted]

From: [redacted]
Sent: Monday, November 26, 2007 6:55 AM
To: [redacted]
Subject: update

b6
b7C

Good morning,

What happened Friday?

[redacted]
vari architects, ltd

b6
b7C

12/10/2007

b6
b7C

[redacted]
From: [redacted]
Sent: Monday, November 26, 2007 1:54 PM
To: [redacted]
Subject: reminder

Hi,

Just a reminder, I need the money today!!!!

Thanks,

b6
b7C

[redacted]
vari architects, ltd

[redacted]
[redacted]
[redacted]

12/10/2007

[redacted]
From: [redacted]
Sent: Monday, November 26, 2007 2:18 PM
To: [redacted]
Subject: Re: reminder

It will be there..

I have been reassured the funds are being processed... I know that you have heard this before, this is different as these are my funds.

Thanks

[redacted]
Direct Line: [redacted]

Fax: [redacted]

b6
b7C

-----Original Message-----

From: [redacted]
To: [redacted]
Sent: Mon Nov 26 12:16:23 2007
Subject: reminder

b6
b7C

We only have about one and a half hours to beat the wire deadline, Please!!!!

[Redacted]

b6
b7C

From: [Redacted]

Sent: Monday, November 26, 2007 3:36 PM

To: [Redacted]

Subject: reminder

Hi [Redacted]

b6
b7C

There is about one half hour left for wiring. Are we there yet?

Thanks.

[Redacted]

vari architects, ltd

[Redacted]
p [Redacted] [Redacted]

b6
b7C

b6
b7C

[redacted]
From: [redacted]
Sent: Monday, November 26, 2007 3:36 PM
To: [redacted]
Subject: RE: reminder

We are and as soon as I have the Fed. Numbers I will send.

[redacted]
b6
b7C

[redacted] Duplicate

12/10/2007

b6
b7C

[redacted]
From: [redacted]
Sent: Monday, November 26, 2007 4:43 PM
To: [redacted]
Subject: is it Fed yet?

vari architects, ltd

b6
b7C

p [redacted] [redacted]

12/10/2007

b6
b7C

[REDACTED]

From: [REDACTED]
Sent: Monday, November 26, 2007 5:32 PM
To: [REDACTED]
Subject: ?

vari architects, ltd

b6
b7C

[REDACTED]
[REDACTED]

12/10/2007

[redacted]
From: [redacted]
Sent: Monday, November 26, 2007 7:02 PM
To: [redacted]
Cc: [redacted]
Subject: RE: reminder

What makes this different? We still don't have anything

vari architects ltd

[redacted]

-----Original Message-----

From: [redacted]
Sent: Monday, November 26, 2007 2:18 PM
To: [redacted]
Subject: Re: reminder

b6
b7C

It will be there..

I have been reassured the funds are being processed... I know that you have heard this before, this is different as these are my funds.

Thanks

[redacted]

Direct Line: [redacted]
Fax: [redacted]

b6
b7C

-----Original Message-----

From: [redacted]
To: [redacted]
Sent: Mon Nov 26 12:16:23 2007
Subject: reminder

b6
b7C

We only have about one and a half hours to beat the wire deadline, Please!!!!

[Redacted]

b6
b7C

From: [Redacted]

Sent: Monday, November 26, 2007 6:19 PM

To: [Redacted]

Cc:

Subject: wire

Hi [Redacted]

b6
b7C

Is there someone that I can contact, or my attorney in Newport Beach can contact for verification of the wire?

Thanks,

[Redacted]

b6
b7C

vari architects, ltd

[Redacted]

p [Redacted]

12/10/2007

[Redacted]

b6
b7C

From: [Redacted]
Sent: Monday, November 26, 2007 7:15 PM
To: [Redacted]
Subject: Re: reminder

[Redacted]

b6
b7C

It will be there, I am finished with my meeting @ 600pm and will call.

[Redacted]

Direct Line: [Redacted]

Fax: [Redacted]

b6
b7C

Duplicate

[REDACTED]
From: [REDACTED]
Sent: Monday, November 26, 2007 8:50 PM
To: [REDACTED]
Subject: Re: reminder

Have a great night

Sent from my BlackBerry Wireless Handheld

Duplicate

-----Original Message-----

Duplicate

[Redacted]

b6
b7C

From: [Redacted]
Sent: Monday, November 26, 2007 8:54 PM
To: [Redacted]
Subject: Re: reminder

[Redacted]

b6
b7C

I am still in my meeting.
I can call you afterwards?

[Redacted]

Direct Line:

[Redacted]

[Redacted]

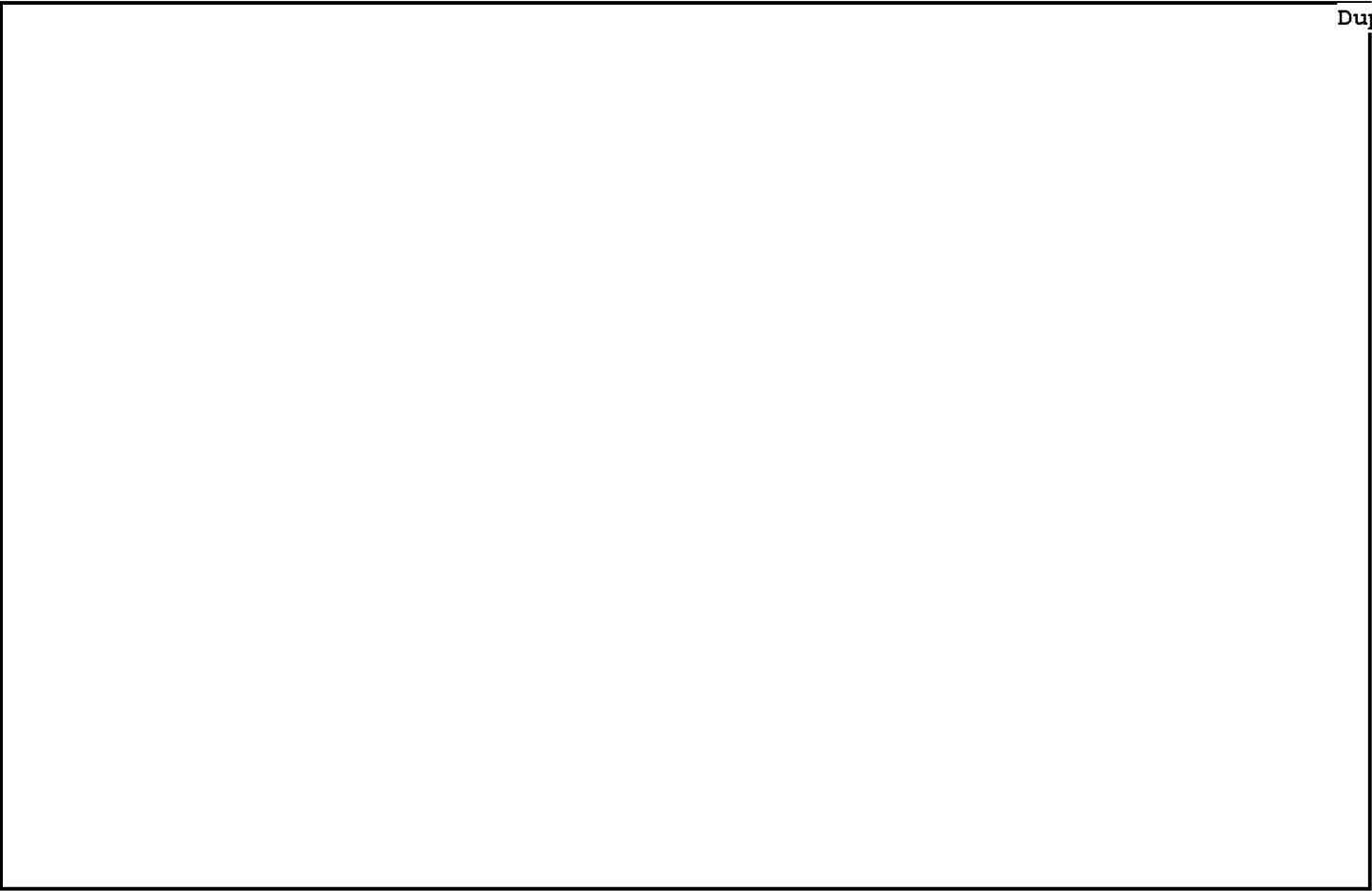
b6
b7C

[Large Redacted Area]

Duplicate



Duplicate



[redacted]
From: [redacted]
Sent: Monday, November 26, 2007 9:42 PM
To: [redacted]
Subject: Re: reminder

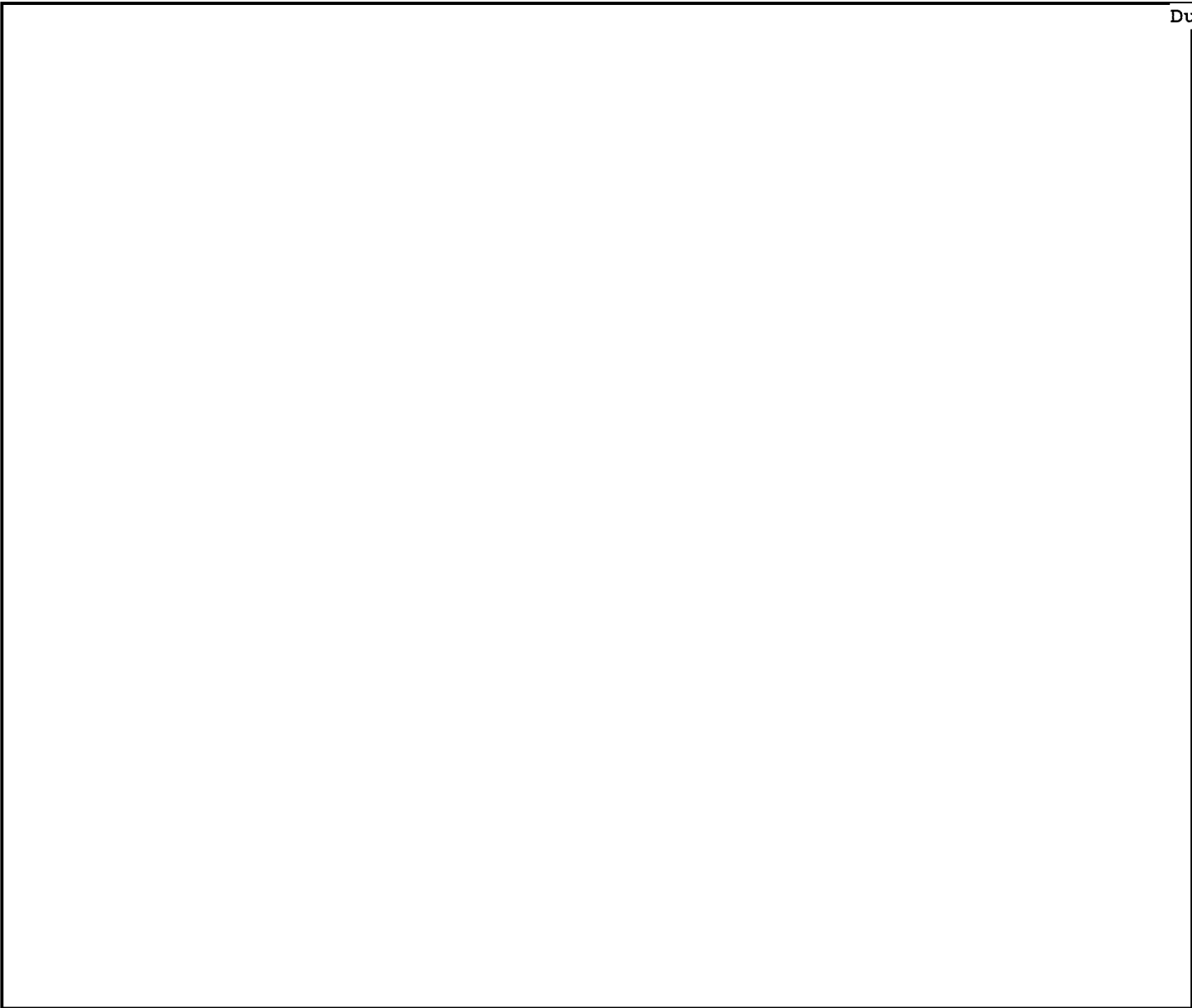
What is the excuse tonite?

Sent from my BlackBerry Wireless Handheld

Duplicate



Duplicate



[redacted]
From: [redacted]
Sent: Monday, November 26, 2007 9:51 PM
To: [redacted]
Subject: Re: reminder

It seems you have been telling stories so much, even you do not know what the truth is any more

Sent from my BlackBerry Wireless Handheld

Duplicate

-----Original Message-----

[Duplicate](#)

[Redacted]

b6
b7C

From: [Redacted]
Sent: Tuesday, November 27, 2007 12:14 PM
To: [Redacted]
Subject: RE: it is already 10 AM

[Redacted]

b6
b7C

I am working on it and will be in contact with you.

[Redacted]

b6
b7C

From: [Redacted]
Sent: Tuesday, November 27, 2007 10:01 AM
To: [Redacted]
Subject: It is already 10 AM

[Redacted]

b6
b7C

It is already 10 AM, What is going on?

vari architects, ltd

[Redacted]
[Redacted] [Redacted]

[Redacted]

b6
b7C

From: [Redacted]
Sent: Tuesday, November 27, 2007 10:23 AM
To: [Redacted]
Subject: Re: good morning

[Redacted]

b6
b7C

We will have good news today, I will follow up this morning with you.

Thank you,

[Redacted]

Direct Line: [Redacted]
Fax: [Redacted]

-----Original Message-----

From: [Redacted]
To: [Redacted]
Sent: Tue Nov 27 06:08:10 2007
Subject: good morning

b6
b7C

Good morning,

Hope this is a good news day.

[Redacted]

b6
b7C

Background

b6
b7C

[redacted]
From: [redacted]
Sent: Saturday, March 31, 2007 7:16 PM
To: [redacted]
Subject: Re: Blue Los Cabos

I will review over the weekend. I will forward a decision by Tuesday of this week.

b6
b7C

[redacted]

Sent from my BlackBerry Wireless Device

-----Original Message-----

From: [redacted]
To: [redacted]
Sent: Sat Mar 31 17:06:01 2007
Subject: Blue Los Cabos

b6
b7C

Gentlemen,

Please review the application we had submitted to [redacted] of ARA a few weeks ago. There can be collatorization made by the Las Ventanas condo, and the New Buffalo, Michigan property, which, combined, exceed 3 million in value and have no mortgage.

b6
b7C

What do you think?

Thanks,

[redacted]
b6
b7C

Property Type: currently vacant for construction of condos

Property Location: San Jose Del Cabo, BCS, Mex.

Land purchase Price: \$2,450,000.00

Construction loan amount: \$7,000,000.00

Down Payment: The land purchase

Source of land purchase: Stock Portfolio

Borrower: [redacted] ss# [redacted] dob [redacted] Married
[redacted]

b6
b7C

Employer: [redacted]

[redacted]
Position: [redacted] Salary: \$75,000.00 annual Additional income:
\$500,000.00 per year in rental and business income.

b6
b7C

Home Address:

[redacted]
Own the residence and the commercial space for the business

Real Estate Owned:

[redacted]
Current value: \$1,800,000.00

Mortgage: none

Property Taxes: \$3,000.00

b6
b7C

[redacted]
Current value: \$1,800,000.00

Mortgage: \$500,000.00

Mortgage payment: \$6,000.00 per month

Property taxes: \$21,000.00

Rental Income: \$350,000.00 annual

b6
b7C

[redacted]
Current Value: \$500,000.00

Mortgage: none

Property taxes: \$1,500.00

Rental Income: \$30,000.00 annual

b6
b7C

[redacted]
Current value: \$1,500,000.00

Mortgage: none

Property taxes: \$2,800.00

b6
b7C

[REDACTED]

Current value: \$700,000.00

Mortgage: \$400,000.00

Mortgage payment: \$2271.16 per month

Property taxes: \$6,000.00 annually

Rental Income: \$2,850 per month

Declarations:

There are no outstanding judgements against me.

I have not declared bankruptcy in the last 7 years.

I have not had property foreclosed upon or deed in lieu thereof in the last 7 years.

I am not a party to a lawsuit.

I have never been directly or indirectly been obligated on any loan which resulted in a foreclosure, transfer of title in lieu of foreclosure, or judgement.

I am not delinquent or in default of any Federal debt or any other loan, mortgage, financial obligation, bond or loan guarantee.

I am not obliged to pay alimony, child support, or separate maintenance.

No part of the down payment is borrowed.

I am not co maker or endorser on a note.

I am a US citizen.

I am not a permanent resident alien.

I do not intend to occupy the property as my primary residence.

I have owned property for the past three years.

I have titles in trust with myself as the sole beneficiary and my husband as successor upon death for our principal residence, second homes and investment properties.

I [REDACTED] hereby authorize ARA Capital to pull my credit.

b6
b7C**From:****Sent:** Friday, May 18, 2007 5:41 PM**To:**b6
b7C**Cc:****Subject:** blue

Hi

b6
b7C

I look forward to meeting you, hopefully soon. Our project in Cabo has a pretty clear definition, now. We originally were purchasing 5000 sq. meters on the ocean. That should close some time in June. We have offers to purchase the two lots next to ours on the ocean, and the one behind us on the boulevard. The two lots on the ocean have approximately 6000 sq. meters together. The lot behind on the boulevard has approximately 6600 square meters. The cost of purchasing the other properties is approximately 12.4 million dollars. The value of the land all together will be at least 18 million. We currently have the funds to close on the original Blue. We would need to borrow the construction funds for blue, and the funds for the balance of the land purchase, or approximately 18 million. The value of the completed construction and the other three parcels will be 30 mil. In the initial proposal, you were willing to take interest in our condo at Las Ventanas and Property in New Buffalo, Michigan. Taking interest in the entire project might work better in your behalf. We are willing to collateralize if you require. Please feel free to call me on my cell at any time to discuss the project, if you are still interested. I will be in Cabo until Saturday, May 26th if you have an opportunity to come down. We are looking to solidify our offers on the properties while we are still in Cabo. Time seems to be of the essence.

Respectfully,

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[redacted]

From: [redacted]
Sent: Tuesday, May 22, 2007 9:34 AM
To: [redacted]
Subject: RE: blue

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Yes, we reviewed and would like to be your Investment Bank on the deal. What time today can we talk?

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[redacted]
ARA Capital, Sociedad Financiera
8001 Irvine Center Drive Suite 100 | Irvine, CA 92618
Office [redacted] Toll Free (800) 818-3182 | Fax [redacted]
<http://www.aracapital.com> | <http://www.loanformexico.com>

From: [redacted]
Sent: Monday, May 21, 2007 4:14 PM
To: [redacted]
Subject: blue

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Good Afternoon,

How was [redacted] party. Hope all is well. Did you have an opportunity to review the final analysis of blue? Do you have any questions? Do you need any more information?

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Thanks,
[redacted]

12/10/2007

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[Redacted]

From: [Redacted]
Sent: Tuesday, May 29, 2007 3:21 PM
To: [Redacted]
Subject: \$24 Million
Attachments: 20070529131209.pdf; Wire Information Blue.pdf; Wire Information Blue #2 .pdf

Ron,

Attached is:

1. The "Note"
2. The Term Sheet
3. Welcome Letter
4. Wire Instruction

Review and sign the attachments, by no means does this obligate you to close a loan, with the sign documentation and deposits we can secure your line of credit. We are the Investment that will issue the line of credit and service the line of credit. I will be in Cabo next week and once the Bond is approved I can sign off on the site visit and open the line of credit.

More paperwork will follow once the line is approved.

Thank you

b6
b7c

[Redacted]
Amerivest Trust Group

8001 Irvine Center Drive Suite 100 | Irvine, CA 92618
Office [Redacted] Toll Free (800) 92- DIEHL | Fa [Redacted]

12/10/2007



PROMISSORY NOTE

Irvine, California May 29, 2007

1. For Value Received, Blue Los Cabos [redacted] and [redacted] ("Maker"), promise to pay to Amerivest Trust Group, Delaware **8001 Irvine Center Drive # 100 Irvine Ca 92618**, order ("Holder"), as directed below, or such other place as Holder may from time to time designate in writing, the principal sum of Twenty Four Million Dollars (\$24,000,000.00), at a daily rate of **May 29, 2007 Wall Street Journal Prime Rate 8.25%**. The Note will fund, repaid, on **May 31, 2015** and with in ten (10) business days after the funding the funds will be paid in full. All proceeds are to be wired to a banking center to be determined by "Holder". This is a 5 year Note.

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2. Any of the following events shall constitute an "Event of Default" hereunder:

2.1 Default in the payment of any sum when due pursuant to this Note; or

2.2 Default in the performance of any other obligation of Maker under this Note; or

2.3 The institution against Maker, or any of them, of proceedings for rehabilitation or liquidation or the composition of debts, whether for purposes of statutory assignment for the benefit of creditors, pursuant to insolvency, bankruptcy, liquidation or reorganization or other similar laws.

3. If any payment under this Note is not paid within three (3) days after the date on which the payment is due, Maker shall pay to Holder, in addition to the delinquent payment and without any requirement of notice or demand by Holder, a late payment charge equal to ten percent (10%) of the amount of the delinquent payment. Maker expressly acknowledges and agrees that the foregoing late payment charge provision is reasonable under the circumstances existing on the date of this Note, that it would be extremely difficult and impractical to fix Holder's actual damages arising out of any late payment and that the foregoing late payment charge shall be presumed to be the actual amount of such damages incurred by Holder. No provision in this Note shall be construed as, in any way, excusing Maker from Maker's obligation to make each payment under this Note strictly when due.

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4. If an Event(s) of Default is/are not remedied within thirty (30) days of written notice to Maker, this Note shall, subsequent to said thirty (30) day period and until such Event(s) of Default is/are remedied, accrue interest at the rate of nineteen and one-half percent (19.5%) per annum.

5. Upon the occurrence at any time of any Event of Default, after the expiration of any applicable notice and cure period, Holder, at Holder's sole option and with notice to Maker, may declare the balance of this Note immediately due and payable and apply any sums received to the unpaid balance of this Note in such manner as Holder elects. Such application shall not operate to waive or cure any default existing under this Note.

6. This Note is hereby limited so that in no event shall any interest paid, or agreed to be paid, to Holder hereof for the use or detention of any money, or for the performance or payment of any covenant or obligation contained herein, or any related agreement between the Maker and Holder hereof, exceed the maximum amount permissible under applicable law. If, for any circumstances whatsoever, fulfillment of any provision hereof or of any other document evidencing, securing or pertaining to this Note, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law, then the obligations to be fulfilled shall automatically be reduced to the limit of such validity; and if, from any such circumstances, Holder hereof shall ever receive anything of value deemed interest under applicable law which would exceed interest at the highest lawful rate, the excessive interest shall be applied to the reduction of any other amount due from the Maker to Holder hereof, with any excess being refunded to the Maker.

7. Maker reserves the right, without penalty or premium, to make prepayments hereunder at any time and from time to time. Principal and interest shall be payable in lawful money of the United States. If action is instituted on this Note, Maker promises to pay all costs and expenses of collection, with or without suit, including reasonable attorney's fees, and also including all costs and expenses, including attorney's fees, in connection with any bankruptcy, insolvency or reorganization proceeding or receivership involving Maker.



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8. Payments will be deducted from your HSBC account every month. Payments will be based upon the outstanding principal balance and an Interest Only payment is due. See Term sheet

MAKER:

By:

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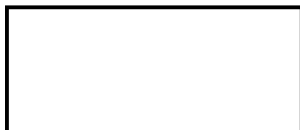
By

Name: Amerivest Trust Group

Mailing Address: 8001 Irvine Center Drive # 100 Irvine Ca 92618



May 29, 2007



Blue of Los Cabos

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Term Sheet

A. Up Front Fees:

- a. There are No Up Front Fees associated with this Transaction
- b. There is a Deposit in the amount of \$1,175,000.00 One Million One Hundred Seventy Five Thousand Dollars that will be used to secure the line of credit in the amount of \$24,000,000.00 Twenty Four Million Dollars. The deposit in the amount of \$1,175,000.00 will be lien as collateral and as long as the credit line is active the deposit will be "frozen". The deposit will remain with HSBC Bank for the term on the Line of Credit.
- c. **The initial deposit in the amount of \$500,000.00**
- d. **The additional \$675,000.00 can be deposited once the Bond is approved**
- e. After 12 months we will review the project and if all payments have been on time, and the project is on sechdule we will release the Deposit "Bond"

B. Terms:

- a. The loan will be a 96 month term loan with No Pre-Payment penalties after 120 days. If paid off before 120 days then a \$25,000.00 closing fee will be charged. The Loan is interest only for the term of 96 months with a repayment period of 60 months. After the 1st 96 months the line will be closed and the repayment process of the outstanding balance will begin. The repayment process is 60 months, with an Interest Rate of US PRIME RATE determined by the Wall Street Journal. The Collateral of the loan is a deposit with out institution in the amount of \$1,175,000.00 One Million One Hundred Seventy Five Thousand Dollars. We will then extend a LOC, Line of Credit, in the amount of **\$24,000,000.00** Twenty Four Million Dollars. The daily interest Rate on the Loan will be at the US PRIME RATE determined by the Wall Street Journal as of May 29, 2007 the rate today is 8.25%. The Interest Rate could change daily and has a Interest cap rate of 12.00% and floor rate of 4.00%

C. Loan Amount:

- a. We will then extend a LOC, Line of Credit, in the amount of \$24,000,000.00 Twenty Four Million Dollars

Interest Rate:

- b. US PRIME RATE determined by the Wall Street Journal as of May 2, 2007 the rate today is 8.25%. The Interest Rate could change daily based upon the US PRIME RATE.

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- c. The Interest Rate CAP is 12.00%; the rate will never be higher then 12.00%.
- d. The Interest Rate Floor is 4.00%, the rate will never be lower then 4.00%

D. Time Line:

- a. Once the Term Sheet, and Note have been signed. The Deposit in the amount of \$1,175,000.00 has been approved, within 10 business days the Line of Credit will be opened and ready for use. The Line of Credit will be with our Investment Bank, and in order to receive funds you will need to complete a request form. The forms will be with your "Welcome Package" once the account has been opened.

E. Interest Reserve:

- a. There is no Interest Reserve requirement on this loan at this time.
 - i. In the event payments are late more than 5 times an Interest Reserve of 3 months will be set up with our Bank, HSBC.

F. Payments

- a. Payments will be Interest only due on the 20th day of each month. The Payments will be based upon the outstanding Principal Balance Owed, calculated by a 30 day loan period. There is a 10 day grace period on all payments. After 10 days if the payment has not been received a 5% penalty fee of the payment amount will be added as a late fee.

For Example: Payment amount \$100.00
Late fee amount \$5.00
Total amount due: \$105.00

Payments: Direct Deposit with HSBC BANK

G. Default

- a. Refer to "Promissory Note"

Thank you for the opportunity of being your Investment Banker on this transaction.

Title

Title

Date

Date

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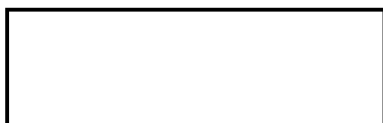


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Additional information can be added to this page:



May 29, 2007



Blue of Los Cabos

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Welcome Package:

Thank you for the opportunity to become your Investment Banker. Once we have received your deposit in the amount of **\$1,175,000.00** and funds have been verified as "Good" funds your account will be opened. We will then secure an Insurance Policy on your behalf to protect us the "Lender" from default this policy can take 24 to 48 hours to request and set up.

Please complete the following information in order to secure the policy:

1. Full Name: _____
2. Mailing Address: _____

Use of funds: Every time you would like to deduct funds from your account you will need to contact our company and "Request Funds". See attached form

Fax or e-mail the form to our office before 11:00am and the funds will be wired within 48 hours to the account of your choosing.

You will receive on the 20th day of each month an account statement with payment and payoff information.



1st Wire

Wire Information: Amount \$500,000.00

Beneficiary Bank: HSBC

15315 Culver Drive #187
Irvine, CA 92604

Telephone Number 949-551-8850

Banker:

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Beneficiary Name: Amerivest Trust Group

8001 Irvine Center Drive
Irvine, CA 92618

Beneficiary Account Number:

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ABA- Routing Number for HSBC: 122240861

Reference: Blue Los Cabo -



2nd Wire

Wire Information: Amount \$675,000.00

Beneficiary Bank: HSBC

15315 Culver Drive #187
Irvine, CA 92604

Telephone Number 949-551-8850

Banker:

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Beneficiary Name: Amerivest Trust Group

8001 Irvine Center Drive
Irvine, CA 92618

Beneficiary Account Number:

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ABA- Routing Number for HSBC: 122240861

Reference: Blue Los Cabo -

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From: [REDACTED]
Sent: Monday, July 30, 2007 10:32 AM

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To: [REDACTED]
Cc: [REDACTED]
Subject: RE: Escrow account

As an Investment Bank we don't like when the rules change but due to the current Credit Crises and Sub-Prime Lending issues in the United States our Banks and Credit Managers are asking us to reduce the multiple that we place on lines of credit and increase the reserve for our clients.

ARA Capital is not subject to the Sub-Prime Lending issues in the United States as we do not fund such loans. The issue is that our Credit Managers such as Merrill Lynch, Bear Sterns, Citi Bank, and HSBC Bank do and they are losing money. We are feeling the effects of this as they want to reduce risk so they all want us to increase our reserves and reduce the multiple we place line of credit.

At this time the additional deposit in order to be in compliance with our Credit Managers and to meet the increase in reserve requirement by the Banks for a Twenty Five Million Dollar Line of Credit is Eight Hundred Thousand. We feel that the current Credit Crises and Sub-Prime issues will have worked is way through the market place by October 2007. At that time we can increase the multiple of your line returning the additional deposit.

We want to be the Investment Banker on this deal and if anyone has any questions to please call me direct [REDACTED]

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ARA Capital, Sociedad Financiera

8001 Irvine Center Drive Suite 100 | Irvine, CA 92618
Office [REDACTED] Toll Free (800) 818-3182 | Fax [REDACTED]
<http://www.aracapital.com> | <http://www.loanformexico.com>

From: [REDACTED]
Sent: Monday, July 30, 2007 7:57 AM
To: [REDACTED]
Cc: [REDACTED]
Subject: Escrow account

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Good Morning [REDACTED]

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b7C

I just spoke to [REDACTED] He is requiring additional funds for our line of credit for the project. The only funds I have available are the funds in the escrow account for Blue Lot 5. The funds for the purchase of Lot 5 were to be totally taken out of ARA Capital and I was going to be reimbursed the escrow money. Is there any way that a letter of credit from ARA Capital can be substituted for the escrow account so that I can fulfill the line of credit deposit? Or, do you have any other ideas.

Thanks,

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vari architects, ltd

12/10/2007

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[REDACTED]

From: [REDACTED]
Sent: Monday, July 30, 2007 12:01 PM
To: [REDACTED]
Subject: RE: Escrow account

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[REDACTED]

Any feedback from [REDACTED] the boys in New York want to know what I am doing on this deal. I told them I would call them back today with a plan.

b6
b7C

[REDACTED]

ARA Capital, Sociedad Financiera
8001 Irvine Center Drive Suite 100 | Irvine, CA 92618
Office [REDACTED] Toll Free (800) 818-3182 | Fax [REDACTED]
<http://www.aracapital.com> | <http://www.loanformexico.com>

Duplicate

12/10/2007

Duplicate

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[Redacted]

From: [Redacted]
Sent: Tuesday, July 31, 2007 7:54 PM
To: [Redacted]
Subject: Proof Of Funds Letter
Attachments: 20070731111917.pdf

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[Redacted]
We wanted to review with you before we send off to [Redacted]

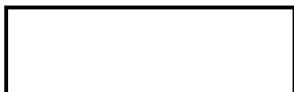
b6
b7C

[Redacted]
Amerivest Trust Group
8001 Irvine Center Drive Suite 100 | Irvine, CA 92618
Office [Redacted] | Toll Free (800) 92-DIEHL | Fax [Redacted]

12/10/2007



July 31, 2007



"Blue of Los Cabos"

Subject:

Client: [redacted] and [redacted] Blue of Los Cabos
Use of Funds: Purchase of Lots and Development in San Jose, Cabo- Baja
Funding Amount: Twenty Five Million- \$25,000,000.00

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Proof of Funds Letter

This Proof of Funds letter shall serve as confirmation of funds available to you to purchase the property referenced above. These funds are immediately available upon closing and will be wired into an escrow account for holding until ownership has transferred. We look forward to being the Investment Banker that successfully closes this transaction.

A. Reserve Deposits

- a. Upon Underwriter approval all Bank closing fees will need to be deposited with Amerivest Trust Group, HSBC Bank

B. Line of Credit

- a. Twenty Five Million, \$25,000,000.00
- b. 1. Trust Deed- Secured by ARA CAPITAL, Sociedad Financiera

C. On- Site Visit:

- a. On Monday August 6, 2007 the pre-funding walk through of the Property and final evaluation will take place.

D. Time Line:

- a. On Monday August 6, 2007 an estimated timeline for funding will be agreed upon and the logistics of the transaction will be agreed upon.

If you have any questions, please contact me at the number below.



Direct Line- [redacted]

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DIEHL & COMPANY

INVESTMENT BANKERS

Summary of Accounts

Statement Ending 07/31/2007

Your Financial Advisor:

Amerivest Trust Group

Account #

8001 Irvine Center Drive
Irvine CA 92618
949-679-9800

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And

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Blue of Los Cabos

Summary:

	Date	Value	Rate of Return
Credit to Account:			
Wire #1	05/31/2007	\$500,000.00	2.22%
Wire #2	06/05/2007	\$675,000.00	2.22%
Wire #3	06/14/2007	\$50,000.00	2.22%
Wire #4	06/14/2007	\$200,000.00	2.22%
Wire #5	06/21/2007	\$150,000.00	2.22%
Wire #6	06/22/2007	\$125,000.00	2.22%

\$1,700,000.00

INTEREST EARNED

Wire #1:	07/31/2007	\$1,824.66
Wire #2:	07/31/2007	\$2,258.01
Wire #3:	07/31/2007	\$136.85
Wire #4:	07/31/2007	\$547.40
Wire #5:	07/31/2007	\$319.32
Wire #6:	07/31/2007	\$266.09

DEBITS FROM YOUR ACCOUNT

Asset Value 07/31/2007 \$1,705,352.33

Total Asset Value \$1,705,352.33

Messages:

If your investment objective or financial situation has changed, or if you wish to impose any reasonable restrictions on the management of your account or reasonably modify existing restrictions, please call your Financial Advisor.

Register Investment Advisors
Investment and Service are offered through Diehl & Company

67 Wall Street New York, New York 10005 212-801-5735
8001 Irvine Center Drive #100 Irvine, California 92618///

Fw: [redacted]

Page 1 of 1

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 Reply

 Reply to All

 Forward







Fw: [redacted]

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Sent: Monday, October 29, 2007 7:32 PM

To: [redacted]

Attachments:  Oct. 26 VOF.pdf (15 KB) [Open as Web Page]

Here is the latest 1 of 4 emails being forwarded. I cannot open the attachment on the BB.

Thanks

[redacted]
Sent via BlackBerry by AT&T

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-----Original Message-----

From: [redacted]

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Date: Mon, 29 Oct 2007 16:32:24

To: [redacted]

Subject: RE: [redacted]

[redacted]. review

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From: [redacted]

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Sent: Monday, October 29, 2007 3:50 PM

To: [redacted]

Subject: [redacted]

 Reply  Reply to All  Forward  **RE: MONEY****Sent:** Thursday, October 04, 2007 2:49 PM**To:****Attachments:**  Blue- Close out Letter10.04.2007.pdf (16 KB) [Open as Web Page]

Review the Attached PDF:

After you review please call me,

Thanks,

From:**Sent:** Thursday, October 04, 2007 9:26 AM**To:****Subject:** MONEY

I APPRECIATE ALL YOUR HARD WORK. I AM ABSOLUTELY AND TOTALLY EXHAUSTED PHYSICALLY AND EMOTIONALLY. ALL I HAVE BEEN GETTING IS STORY AFTER STORY. IT IS OVER. THE ONLY THING I MUST SEE IS THE MONEY IN MY ACCOUNT TODAY. WE WERE SUPPOSED TO CLOSE ONE MONTH AGO TOMORROW ON LOT 4. HERE WE ARE ONE MONTH LATER AND I AM STILL STUPIDLY LISTENING TO STORIES. I WAS ASKED FOR MY BANKER'S NUMBER LAST FRIDAY, ONE OF MANY STORIES, SO THAT THEY CAN WATCH FOR THE MYSTERIOUS WIRE THAT HAS BEEN HAPPENING ONE WAY OR ANOTHER FOR ONE MONTH. I HAVE REPEATEDLY ANSWERED QUESTIONS FROM SO MANY PEOPLE ABOUT WHAT IS GOING ON WITH BLUE. I HAVE BLOWN ALL MY CREDIBILITY. I HAVE BUYERS FLYING OUT NEXT WEEK THAT ARE NOT GOING TO HAVE AN ANSWER FROM ME THE WAY I SEE IT RIGHT NOW, I AM AT A LOSS OF ABOUT A HALF MILLION DOLLARS OUT OF MY POCKET AND WHAT LOOKS LIKE NOW, ANOTHER 2.5 MILLION THAT HAS BEEN EMBEZZLED. BEGINNING AT 5 PM CST, I AM COMMENCING EVERY

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October 4, 2007

[redacted] and [redacted]

Vari Architects
824 N. Racine
Chicago, IL 60622

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Subject: Account Loan No [redacted] - Close Out

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Dear [redacted]

The close out of your deposit position has been approved as of 11:00am PST on October 3, 2007. Note and Terms were signed yesterday and the final version has been agreed upon and signed. documents there is a 48 hour Right of Recession for the buyer. The Recession time period start Wednesday October 3, 2007. I have tried to get this time period waived due to the urgency of our situation with no success. The plan that we have in place is the best plan of action to return your funds, your funds will be returned to your account after the Recession Period.

The only other plan would be for me [redacted] to personally refund the deposit. This is not being taken, but will require time for the selling of securities this plan could take 48 to 72 hours to complete and would not be the best plan of action.

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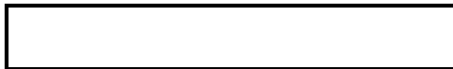
[redacted] and I would like to visit with you this Saturday with your funds being returned to you I would like to show you our plan to still make the "Blue" deal work. We will do things "out of the box" in order to show you both how serious we are about wanting "Blue" success. From funding the escrow accounts with our funds to granting interest credits on your Line of Credit we want to fix what we "screwed" up. As from our first meeting I knew we could make this deal work but our lack of communication with your legal team in Mexico the deals have fallen apart. We want to make it happen I would ask that you accept my invitation to meet to review the plan moving forward. We can still make it happen as I want to be your business partner. Even if you want nothing to do with our company we want that you hear us out and then make your decision. We are a company built on morals and family values.

... 'We cannot change yesterday, but we can steer the course of tomorrow' (email from September 2007) the plan that we have is that course lets get the funds back to you and move forward with "Blue".



October 26, 2007

Blue of Los Cabos



Verification of Deposit

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At this time Amerivest Trust Group will not wait for the return of [redacted] funds and will ir from internal sources. We have requested a Verification of Deposit from our Banker and are awa signed copy as this is when we will know the precise timeframe of deposit and wire to [redacted] understand time is of the essence and we are doing everything we can to speed the return of [redacted] interest.

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- Verification of Deposit
- Timeframe of Wire

Amerivest Trust Group-

Fw: [redacted] **ARA Capital, Amerivest trust, Diehl and Company**

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Sent: Monday, November 26, 2007 8:03 PM

To: [redacted]

Attachments: image001.gif (9 KB) ; Fw: [redacted] (18 KB) ; RE: MONEY (32 KB) ; Fw: escrow (4 KB) ; FW: Lot 8 (2 MB) ; FW: Lot 4 (1 MB) ; Re: Lots 4 and 8 (4 KB) ; RE: Lot 8 and Lot 4 (8 KB) ; Fw: Fwd: Fw: fax (52 KB) ; Re: Lot 8 and Lot 4 (5 KB) ; Lot 8 and Lot 4 (6 KB) ; RE: 712, S. de R.L. de C.V. (22 KB) ; FW: Lots 8 and 4 (13 KB) ; RE: Lots 8 and 4 (16 KB) ; Re: Lots 8 and 4 (3 KB) ; RE: Escrow Funds (16 KB) ; RE: (9 KB) ; RE: Escrow Funds (35 KB) ; RE: Escrow Funds (15 KB) ; RE: (48 KB) ; FW: Blue Los Cabos (13 KB) ; Loan Doc (1 MB) ; FW: Reed (6 KB) ; Re: Docs are done a~1. I will forward via e-mail and send Fed-Ex (2 KB) ; RE: loan docs (18 KB) ; Re: blue (2 KB) ; RE: [redacted] No. 5 FONATUR (18 KB) ; Re: blue (2 KB) ; RE: Lot 4 (21 KB) ; RE: Lot 4 (20 KB) ; Re: CLOSING NEXT FRIDAY (2 KB) ; RE: documents (16 KB) ; FW: [redacted] No. 5 FONATUR (28 KB) ; Statement from Accounting... (40 KB) ; Proof Of Funds Letter (36 KB) ; \$24 Million (259 KB) ; RE: blue (9 KB) ; blue (4 KB) ; Re: Blue Los Cabos (8 KB) ; CASE SUMMARY.pdf (17 KB) ; MORE SPECIFIC ON PERFORMANCE case summary.pdf (32 KB) ; [redacted] check.PDF (125 KB)

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----- Original Message -----

From: [redacted]

To: [redacted]

Sent: Mon Nov 26 19:54:51 2007

Subject: [redacted] ARA Capital, Amerivest trust, Diehl and Company

Hi [redacted]

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These are the e mails that relate to the "MORE SPECIFIC ON PERFORMANCE DOCUMENT" which is the PDF attached. The "CASE SUMMARY" attachment was an earlier document. After review, maybe you or your staff can ask me for more specific document that I can provide. I must have two reams of e mails in this case.

Thank you so much for your assistance,

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Inbox (77 Items, 3 Unread)

 Help New   Reply  Reply to All  ForwardSearch Inbox 

Arrange By: Date ▾ Newest

Last Week

Fw: [redacted] Account # [redacted]

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Sent: Tuesday, November 27, 2007 5:37 PM

To: [redacted]

Attachments:  image001.gif (9 KB)

----- Original Message -----

From: [redacted]

To: [redacted]

Sent: Tue Nov 27 17:37:01 2007

Subject: FW: [redacted] Account # [redacted]

b6
b7C

From: [redacted]

Sent: Tuesday, November 27, 2007 4:33 PM

To: [redacted]

Subject: FW: [redacted] Account # [redacted]

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vari architects, ltd

b6
b7C

Inbox (77 Items, 3 Unread)

Help

New

Reply

Reply to All

Forward

Search Inbox

Arrange By: Date Newest

Last Week

Fw:

Sent:

Tuesday, November 27, 2007 2:56 PM

To:

Attachments: image001.gif (9 KB); RE: it is already 10 AM; Re: good morning; Re: reminder; Re: reminder; Re: reminder; Re:

----- Original Message -----

From:

To:

Sent: Tue Nov 27 14:57:25 2007

Subject:

Good afternoon

These are the past day and a half of e mails with
I don't know at what point you get involved.

Thanks,

vari architects, llc

p	

b6
b7C



RE: it is already 10 AM

[Redacted]

Sent: Tuesday, November 27, 2007 1:14 PM

To: [Redacted]

[Redacted]

I am working on it and will be in contact with you.

[Redacted]

From: [Redacted]

Sent: Tuesday, November 27, 2007 10:01 AM

To: [Redacted]

Subject: it is already 10 AM

[Redacted]

It is already 10 AM, What is going on?

[Redacted]

b6
b7C

b6
b7C

 Reply  Reply to All  Forward   

Re: good morning

Sent: Tuesday, November 27, 2007 11:23 AM

To: [REDACTED]

[REDACTED]

We will have good news today, I will follow up this morning with you.

Thank you,

[REDACTED]

Direct Line [REDACTED]

Fax [REDACTED]

-----Original Message-----

From: [REDACTED]

To: [REDACTED]

Sent: Tue Nov 27 06:08:10 2007

Subject: good morning

Good morning,

Hope this is a good news day.

[REDACTED]

b6
b7C

b6
b7C

b6
b7C

 Reply  Reply to All  Forward  



Re: reminder

[Redacted]

Sent: Monday, November 26, 2007 10:50 PM

To: [Redacted]

b6
b7C

It seems you have been telling stories so much, even you do not know what the truth is any more

Sent from my BlackBerry Wireless Handheld

-----Original Message-----

From: [Redacted]

To: [Redacted]

Sent: Mon Nov 26 20:54:15 2007

Subject: Re: reminder

b6
b7C

[Redacted]

I am still in my meeting.

I can call you afterwards?

[Redacted]

Direct Line [Redacted]

Fax: [Redacted]

b6
b7C

-----Original Message-----

From: [Redacted]

To: [Redacted]

b6
b7C

 Reply  Reply to All  Forward  



Re: reminder

[Redacted]

Sent: Monday, November 26, 2007 10:41 PM

To: [Redacted]

What is the excuse tonite?

Sent from my BlackBerry Wireless Handheld

-----Original Message-----

From: [Redacted]

To: [Redacted]

Sent: Mon Nov 26 20:54:15 2007

Subject: Re: reminder

[Redacted]

I am still in my meeting.

I can call you afterwards?

[Redacted]

Direct Line: [Redacted]

Fax: [Redacted]

-----Original Message-----

From: [Redacted]

To: [Redacted]

b6
b7C

b6
b7C

b6
b7C

b6
b7C

 Reply  Reply to All  Forward  



Re: reminder

[Redacted]

Sent: Monday, November 26, 2007 9:54 PM

To: [Redacted]

b6
b7C

[Redacted]

I am still in my meeting.

I can call you afterwards?

[Redacted]

Direct Line: [Redacted]

Fax: [Redacted]

b6
b7C

-----Original Message-----

From: [Redacted]

To: [Redacted]

Sent: Mon Nov 26 18:50:28 2007

Subject: Re: reminder

b6
b7C

Have a great night

Sent from my BlackBerry Wireless Handheld

-----Original Message-----

From: [Redacted]

To: [Redacted]

b6
b7C

 Reply  Reply to All  Forward  



Re: reminder

[Redacted]

Sent: Monday, November 26, 2007 9:50 PM

To: [Redacted]

Have a great night

Sent from my BlackBerry Wireless Handheld

-----Original Message-----

From: [Redacted]

To: [Redacted]

Sent: Mon Nov 26 19:14:45 2007

Subject: Re: reminder

[Redacted]

It will be there, I am finished with my meeting @ 600pm and will call.

[Redacted]

Direct Line [Redacted]

Fax: [Redacted]

-----Original Message-----

From: [Redacted]

To: [Redacted]

CC: [Redacted]

Sent: Mon Nov 26 17:01:51 2007

b6
b7C

b6
b7C

b6
b7C

b6
b7C

 Reply  Reply to All  Forward  



Re: reminder

b6
b7C

Sent: Monday, November 26, 2007 8:14 PM

To: [REDACTED]

[REDACTED]

It will be there, I am finished with my meeting @ 600pm and will call.

b6
b7C

[REDACTED]
Direct Line [REDACTED]

Fax [REDACTED]

-----Original Message-----

From: [REDACTED]

To: [REDACTED]

CC: [REDACTED]

Sent: Mon Nov 26 17:01:51 2007

Subject: RE: reminder

b6
b7C

What makes this different? We still don't have anything

vari architects ltd

p. [REDACTED]

f. [REDACTED]

b6
b7C

-----Original Message-----

From: [REDACTED]

Sent: Monday, November 26, 2007 7:18 PM

b6
b7C

 Reply  Reply to All  Forward  

RE: reminder

Sent: Monday, November 26, 2007 8:01 PM

To:

Cc:

What makes this different? We still don't have anything

vari architects ltd

p

i

-----Original Message-----

From:

Sent: Monday, November 26, 2007 2:18 PM

To:

Subject: Re: reminder

It will be there..

I have been reassured the funds are being processed... I know that you have heard this before, this is different as these are my funds.

Thanks

Direct Line:

Fax:

-----Original Message-----

wire

Page 1 of 1

 Reply

 Reply to All

 Forward









wire

[Redacted]

Sent: Monday, November 26, 2007 7:18 PM

To:

Cc:

[Redacted]

Hi

[Redacted]

Is there someone that I can contact, or my attorney in Newport Beach can contact for verification of the wire?

Thanks,

[Redacted]



[Redacted]

b6
b7C

b6
b7C

b6
b7C

?

 Reply  Reply to All  Forward  



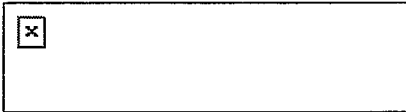
?

[Redacted]

Sent: Monday, November 26, 2007 6:31 PM

To: [Redacted]

b6
b7C



is it Fed yet?

Page 1 of 1

 Reply

 Reply to All

 Forward







is it Fed yet?

[Redacted]

Sent: Monday, November 26, 2007 5:42 PM

To:

[Redacted]

b6
b7C

 [Redacted]

 Reply  Reply to All  Forward  



RE: reminder

[Redacted]

Sent: Monday, November 26, 2007 4:35 PM

To: [Redacted]

We are and as soon as I have the Fed. Numbers I will send.

[Redacted]

b6
b7C

b6
b7C

From: [Redacted]

Sent: Monday, November 26, 2007 1:36 PM

To: [Redacted]

Subject: reminder

Hi [Redacted]

There is about one half hour left for wiring. Are we there yet?

Thanks,

[Redacted]

[Redacted]

b6
b7C

b6
b7C

b6
b7C

 Reply  Reply to All  Forward  



reminder

[Redacted]

Sent: Monday, November 26, 2007 4:35 PM

To: [Redacted]

Hi [Redacted]

There is about one half hour left for wiring. Are we there yet?

Thanks,

[Redacted]

 [Redacted]

b6
b7C

b6
b7C

b6
b7C



Re: reminder

[Redacted]

Sent: Monday, November 26, 2007 3:17 PM

To:

[Redacted]

It will be there..

I have been reassured the funds are being processed... I know that you have heard this before, this is different as these are my funds.

Thanks

[Redacted]

Direct Line

Fax:

[Redacted]

-----Original Message-----

From:

[Redacted]

To:

[Redacted]

Sent: Mon Nov 26 12:16:23 2007

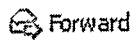
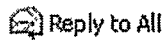
Subject: reminder

We only have about one and a half hours to beat the wire deadline, Please!!!!

b6
b7C

b6
b7C

b6
b7C



reminder

[Redacted]

Sent: Monday, November 26, 2007 2:54 PM

To: [Redacted]

Hi,

Just a reminder, I need the money today!!!!

Thanks,

[Redacted]

[Redacted]

b6
b7C

b6
b7C

 Reply  Reply to All  Forward  



RE: update

[Redacted]

Sent: Monday, November 26, 2007 11:49 AM

To: [Redacted]

I will call you at 9:30am, I am finishing a meeting.

Thanks

[Redacted]

b6
b7C

From: [Redacted]

Sent: Monday, November 26, 2007 6:55 AM

To: [Redacted]

Subject: update

Good morning,

What happened Friday?

[Redacted]

 [Redacted]

b6
b7C

b6
b7C

 Reply  Reply to All  Forward  



Re: update

[Redacted]

Sent: Monday, November 26, 2007 10:46 AM

To: [Redacted]

b6
b7C

[Redacted]

Good Morning...yes the paperwork was completed and we were done.

I will follow up in 1 hour and get back to you.

b6
b7C

[Redacted]

Direct Line [Redacted]

Fax: [Redacted]

b6
b7C

-----Original Message-----
From: [Redacted]

To: [Redacted]

Sent: Mon Nov 26 06:55:13 2007

Subject: update

b6
b7C

Good morning,

What happened Friday?

update

Page 1 of 1

 Reply

 Reply to All

 Forward







update

[Redacted]

Sent: Monday, November 26, 2007 9:55 AM

To:

[Redacted]

Good morning,

What happened Friday?

[Redacted]

 [Redacted]

b6
b7C

b6
b7C

Inbox (74 Items, 1 Unread)

Help

New

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▼

Reply

Reply to All

Forward

Search Inbox

Arrange By: Date ▼ Newest

Last Week

Fw

[REDACTED]

ARA Capital, Amerivest trust, Diehl and Co...

b6
b7C

Sent: Monday, November 26, 2007 8:03 PM

To:

[REDACTED]

Attachments: image001.gif (9 KB); Fw: Steve; RE: MONEY; Fw: escrow; FW: Lot 8; FW: Lot 4; Re: Lots 4 and 8; RE: Lot 8 and Lot

----- Original Message -----

From:

To:

Sent: Mon Nov 26 19:54:51 2007

Subject: [REDACTED] ARA Capital, Amerivest trust, Diehl and Company

Hi [REDACTED]

b6
b7C

These are the e mails that relate to the "MORE SPECIFIC ON PERFORMANCE DOCUMENT" which is the PDF attached. The "CASE SUMMARY" attachment was an earlier document. After review, maybe you or your staff can ask me for more specific document that I can provide. I must have two reams of e mails in this case.

b6
b7C

